

File No. 100924

Committee Item No. 11

Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Sub-Committee: BUDGET AND FINANCE

Date: August 4, 2010

BOARD OF SUPERVISORS MEETING

Date: 8/10/10

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

(Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Andrea S. Ausberry

Date Thursday, July 29, 2010

Completed by: *AS*

Date 8/5/10

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Loan from the Metropolitan Transportation Commission to Expand the Scope of the SFpark
2 Pilot Projects - \$22,000,000

3 **Resolution approving a loan agreement between the City and County of San Francisco,**
4 **through the San Francisco Municipal Transportation Agency, and the Metropolitan**
5 **Transportation Commission for \$22,000,000 of Congestion Mitigation and Air Quality**
6 **Improvement funding to be repaid by the San Francisco Municipal Transportation**
7 **Agency over a five year period with parking-related revenues.**

8
9 WHEREAS, The U.S. Department of Transportation (US DOT) designated the San
10 Francisco Bay Area as an Urban Partner and awarded the San Francisco Municipal
11 Transportation Agency (SFMTA) funding to implement SFpark pilot projects as a
12 demonstration of smart parking management policies and technologies; and,

13 WHEREAS, Expanding the scope of the SFpark pilot projects would benefit the
14 SFMTA's customers, is consistent with the SFMTA's overall parking management strategy,
15 and would help to address the SFMTA's structural deficit; and,

16 WHEREAS, The Metropolitan Transportation Commission (MTC) has offered to loan
17 the SFMTA \$22.0M of Congestion Mitigation and Air Quality Improvement (CMAQ) funding to
18 expand the scope of the SFpark pilot projects; and,

19 WHEREAS, The SFMTA would pay back the loan over a five-year period using
20 parking-related revenues contained in a separate account; no City general funds would be
21 used to repay the loan; and,

22 WHEREAS, On August 3, 2010, the SFMTA Board of Directors adopted Resolution No.
23 10- , authorizing the SFMTA Executive Director/CEO to execute a loan agreement with
24 MTC for \$22.0M of CMAQ funding to be repaid by the SFMTA with parking-related revenues
25 over a five-year period; and

1 WHEREAS, Copies of the loan agreement between MTC and SFMTA are on file with
2 the Clerk of the Board of Supervisors in File No. 100924, which is hereby declared to be a
3 part of this motion as if set forth fully herein; now, therefore, be it

4 RESOLVED, That the Board of Supervisors approves a loan agreement between the
5 City and County of San Francisco, through the San Francisco Municipal Transportation
6 Agency, and the Metropolitan Transportation Commission for \$22.0M of CMAQ funding to be
7 repaid by the SFMTA with parking-related revenues over a five-year period.

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Item 11
File 10-0924

Department:
San Francisco Municipal Transportation Agency (SFMTA)

EXECUTIVE SUMMARY

Legislative Objective

- Resolution approving a loan agreement between the San Francisco Municipal Transportation Agency (SFMTA) and the Metropolitan Transportation Commission (MTC) for \$22,000,000 of Congestion Mitigation and Air Quality Improvement funding to be repaid by the SFMTA to the MTC over a five-year period using parking-related revenues.

Key Points

- The SFMTA would use the proposed \$22,000,000 loan funds from the MTC to supplement the existing \$24,750,000 of Federal Highway Administration grant funds and matching SFMTA operating fund monies, for a total of \$46,750,000 for the SFpark program.
- The SFpark program is a pilot project of parking management policy and technology strategies to reduce congestion by using demand-responsive pricing and real-time parking information at City-controlled parking spaces, including metered spaces and City-owned parking garages.

Fiscal Impact

- Under the proposed loan agreement between the SFMTA and the MTC, the SFMTA would make total payments of \$22,799,803 to the MTC over five years, including (a) \$22,000,000 in loan principal and (b) \$799,803 in interest, at an annual rate in the first two years of zero percent and the subsequent three years of 3 percent on the remaining unpaid loan balance.
- The anticipated SFpark program expenditures totaling \$22,000,000 to be incurred by the SFMTA and paid using proceeds from the proposed loan agreement with the MTC include a total of (a) \$16,755,000 for one-time implementation costs and (b) \$5,245,000 for 18 months of operating costs.
- The SFMTA estimates a total net revenue increase of \$6,720,197 to the SFMTA Operating Fund in the first five years of implementation of the proposed SFpark program that would be used to pay back the proposed loan.

Policy Consideration

- In order to secure the proposed loan agreement without a local match requirement, the proposed loan agreement must be approved by the City prior to September 1, 2010.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Charter Section 9.118(c) requires the Board of Supervisors to approve City agreements that exceed \$10,000,000 or ten years. Under the proposed five-year loan agreement, the San Francisco Municipal Transportation Agency (SFMTA) would make total estimated payments of \$22,799,803 to the Metropolitan Transportation Commission (MTC), over the five-year period from FY 2010-2011 through FY 2014-2015. Therefore, because the proposed loan agreement would result in total payments that exceed \$10,000,000, the proposed resolution is subject to Board of Supervisors approval.

BACKGROUND

The SFpark program is a pilot project of parking management policy and technology strategies to reduce congestion by using demand-responsive pricing and real-time parking information at City-controlled parking spaces, including metered spaces and City-owned parking garages. This program will enable (a) the SFMTA to set the City's parking meter pricing based on the number of drivers seeking to park in a given area, and (b) drivers to find SFMTA-operated parking spaces as they become available, rather than having to drive around and look for a space. According to Mr. Jay Primus, SFpark Manager for the SFMTA, using proceeds from both Federal grants and the proposed loan agreement described in more detail below, the SFMTA intends to replace approximately 30,000 existing parking meters Citywide with 16,000 SFpark program meters. Mr. Primus advises that the SFpark program is scheduled to begin in August 2010 and end approximately 22 months later on June 30, 2012.

Currently, the SFMTA is projected to expend \$24,750,000 on the SFpark program, including (a) \$19,800,000 in previously awarded Federal Highway Administration (FHWA) grant monies from the Urban Partnership Program (UPP) and (b) \$4,950,000 in matching SFMTA operating funds. Page 1 of the attached memorandum, provided by Mr. Primus, provides a list of the currently proposed SFpark program expenditures, including (a) \$14,931,000 for implementation and (b) \$9,819,000 for 18 months of operating costs, or a total of \$24,750,000.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the SFMTA to enter into a \$22,000,000 four-year and ten month loan agreement with the MTC, from September, 2010 through June, 2015, to expand the SFpark program. According to Mr. Primus, the proposed \$22,000,000 loan agreement was included in the SFMTA FY 2010-2011 budget, as previously approved by the SFMTA Board of Directors and the Board of Supervisors.

The SFMTA anticipates using the proposed \$22,000,000 in loan funds from the MTC to supplement the existing \$24,750,000, including (a) \$19,800,000 in Federal Highway Administration Urban Partnership Program (UPP) grant monies and (b) \$4,950,000 in matching SFMTA operating fund monies, for a total of \$46,750,000 for an expanded SFpark program, as summarized on Page 5 of the Attachment, which also identifies the anticipated timeline for each expenditure.

Mr. Primus advises that the SFMTA sought the proposed loan agreement with the MTC in order to provide additional short-term financing to expand the SFpark program and because additional grant monies were unavailable at this time. Mr. Primus further advises that approval of the proposed \$22,000,000 five-year loan agreement could assist the SFMTA in securing future Federal grant monies to continue to expand the SFpark program.

FISCAL ANALYSIS

Under the proposed five-year loan agreement between the SFMTA and the MTC, the SFMTA would repay the \$22,799,803 to the MTC over five years, including (a) \$22,000,000 in loan principal and (b) \$799,803 in interest, at an annual rate in the first two years of zero percent and the subsequent three years of 3 percent on the remaining unpaid loan balance.

Under the proposed five-year loan agreement, the SFMTA would be required to make annual loan repayments to the MTC on June 30 of each fiscal year. According to the proposed agreement, the first two years of payments would be interest-free. The SFMTA would then be required to pay the MTC interest on the remaining outstanding loan principal in the final three years of the proposed loan agreement.

According to Mr. Primus, the proposed \$22,000,000 loan funds would be used for SFpark program expenditures to be incurred by the SFMTA, as shown on page 3 of the Attachment, including (a) \$16,755,000 for one-time implementation costs and (b) \$5,245,000 for 18 months of operating costs.

As shown in the table on page 4 of the Attachment, based on the \$22,000,000 of expenditures for the SFpark program from the proposed loan agreement, the SFMTA estimates (a) incurring additional annual operating costs of approximately \$3,530,000 and (b) realizing additional annual revenues of \$10,090,000, for a net increase in annual revenues of \$6,560,000 that would result from the SFpark program projects that would be financed by the proposed loan agreement.

Given the SFpark program implementation timeline for expenditures to be paid using proceeds from the proposed loan agreement, however, SFMTA estimates that only half the anticipated net annual revenue increase of \$6,560,000, or \$3,280,000, will be realized in FY 2010-2011, as shown in the table on page 7 of the Attachment. According to Mr. Primus, the SFMTA intends to use the estimated net increase in annual revenues that would result from the projects to be financed by the proposed loan as the source of funds to repay the proposed loan of \$22,799,803

including interest expenditures, as shown on page 7 of the Attachment and in the following Table.

	Principal Payments	Interest Payments	Total Payments (A)	Estimated Annual Net Revenue Increase (B)	Net Revenue Increase / (Decrease) (B) – (A)
FY 2010-2011	\$4,400,000	\$0	\$4,400,000	\$3,280,000	(\$1,120,000)
FY 2011-2012	4,400,000	0	4,400,000	6,560,000	2,160,000
FY 2012-2013	4,270,601	396,000	4,666,601	6,560,000	1,893,399
FY 2013-2014	4,398,719	267,882	4,666,601	6,560,000	1,893,399
FY 2014-2015	4,530,680	135,921	4,666,601	6,560,000	1,893,399
TOTAL	\$22,000,000	\$799,803	\$22,799,803	\$29,520,000	\$6,720,197

As shown in the Table above, the SFMTA estimates a total net revenue increase of \$6,720,197 to the SFMTA Operating Fund over the first five years of implementation of the proposed SFpark program.

According to Mr. Primus, the table on page 4 of the Attachment shows *additional* operating costs and *additional* revenues that would accrue to the SFMTA as a result of the SFpark program expenditures that would be made using proceeds from the proposed \$22,000,000 loan funds. As Mr. Primus states on page 6 of the Attachment, "After the loan is repaid, the SFMTA would net approximately \$6.6 [million] a year."

POLICY CONSIDERATION

September 1, 2010 Deadline to Avoid Local Match Requirement

As stated by Mr. Primus on page 2 of the Attachment, "If the loan agreement is not approved by September 1, 2010, the SFMTA will not meet the MTC's deadline for its September 2010 funding cycle. Because of a change in local match requirements for [Congestion Mitigation and Air Quality Improvement (CMAQ)] funds, missing the September deadline would likely mean these CMAQ funds would then require an 11.47 percent local match..." Therefore, while the current proposed \$22,000,000 loan agreement would not require a local match, were the City to approve the proposed loan agreement *after* September 1, 2010, then, according to Mr. Primus, the loan agreement "would likely" require a local match of 11.47 percent, or approximately \$2,523,400. As further stated on page 2 of the Attachment, "neither the SFMTA or MTC has expressed willingness to provide" the local match. Therefore, the proposed loan agreement "would likely be terminated."

Summary

In summary, the proposed loan agreement would enable the SFMTA to implement parking improvements that would (a) generate additional total estimated net revenues of \$6,720,197 to the SFMTA Operating Fund in the first five years of implementation of the proposed SFpark program and an estimated additional \$6,560,000 in annual net revenues once the loan has been fully repaid, and (b) provide \$22,000,000 in loan principal funding at a cost of \$799,803, at an annual rate in the first two years of zero percent and the subsequent three years of 3 percent on the remaining unpaid loan balance, to be paid by the SFMTA to the MTC.

RECOMMENDATION

Approve the proposed resolution.

Gavin Newsom | Mayor

Tom Nolan | Chairman

Dr. James McCray Jr. | Vice-Chairman

Cameron Beach | Director

Shirley Breyer Black | Director

Malcolm Heinicke | Director

Jerry Lee | Director

Bruce Oka | Director

Nathaniel P. Ford Sr. | Executive Director/CEO

MEMORANDUM

DATE: July 27, 2010

TO: Luke Klipp
Policy Analyst, Office of Budget & Legislative Analyst

FROM: Jay Primus
SFpark Manager

RE: Response to Budget Analyst Questions About MTC Loan for SFpark

The purpose of this memorandum is to respond to questions emailed July 15, 2010 about the loan from Metropolitan Transportation Commission (MTC) to the San Francisco Municipal Transportation Agency (SFMTA) of \$22.0M of Congestion Mitigation and Air Quality Improvement (CMAQ) funding to be repaid by the SFMTA over a five-year period in order to expand the scope of the SFpark pilot projects.

Current Scope of SFpark Pilot Projects

The following table summarizes the scope for the SFpark pilot projects as funded by \$24.75M of Federal Highway Administration (FHWA) funding via the Urban Partnership Program (UPP) (approved by the SFMTA Board in November 6, 2007, Resolution 07-169). This grant program requires a 20 percent local match, so \$4.95M of the \$24.75M total project funding is local match that comes from SFMTA operating funds.

	Budgeted implementation costs	Budgeted operating costs (18 months)
Replace existing meters at 5,000 spaces in SFpark pilot areas with new meters and sensors (of 9,000 metered spaces within the SFpark pilot area boundaries)	\$6,428,000	\$2,959,000
Install electronic variable message signs	\$5,000,000	-
Develop SFpark data warehouse	\$2,908,000	\$783,000
Staff time for project management administration, contingency, data collection, and evaluation	-	\$2,157,000
Improve parking garage signage and obtain real-time data from 15 SFMTA parking garages	\$100,000	\$273,000
Professional services for assistance with data collection, evaluation, marketing, communications, outreach	-	\$3,611,000
Enforcement vehicles for SFpark areas and enforcement handheld operation	\$495,000	\$36,000
Total	\$14,931,000	\$9,819,000

The purpose of these expenditures is to demonstrate a complete package of smart parking management technologies and approaches, which necessitate the use of communicative parking meters that allow multiple forms of payment, parking sensors to capture the data required to do demand-responsive pricing and provide real-time data about where parking is available, and a data warehouse that allows for the provision of real-time data and facilitates the management of large parking- and transportation-related datasets to enable demand-responsive price decisions and program evaluation.

Expanding the Scope of SF*park* Pilot Projects

The SFMTA pursued additional funding to expand the scope of the SF*park* pilot projects in order to accelerate the improvement of parking management in San Francisco. Besides increasing their value as a demonstration project, expanding the scope of the SF*park* pilot projects has several practical benefits for the SFMTA and the City:

- Increase SFMTA parking-related revenues in the short- and long-term.
- Accelerate the delivery of customer benefits from better parking management.
- Test additional approaches to reducing parking demand and thereby increase parking availability.
- Lower costs of an eventual citywide replacement of parking meters. Parking meters typically have a seven-year life span and the SFMTA's current meters are near the end of their life cycle.

This additional funding will allow the SFMTA to invest in better parking management more quickly than it otherwise would, which will help the SFMTA better meet overall goals for transportation and increase parking revenues, helping to address the SFMTA's structural deficit. This additional funding would be used to expand the scope of SF*park*-style parking management in San Francisco, increasing the number of metered parking spaces from 25,000 to 30,000 (as approved by the SFMTA Board in April 2010), and expanding the scope of the SF*park* pilot project from 5,000 of 25,000 metered spaces to approximately 16,200 of 30,000 metered spaces.

There is some urgency related to securing local approval from the Board of Supervisors. If the loan agreement is not approved by September 1, 2010, the SFMTA will not meet the MTC's deadline for its September 2010 funding cycle. Because of a change in local match requirements for CMAQ funds, missing the September deadline would likely mean these CMAQ funds would then require an 11.47 percent local match, which neither the SFMTA or MTC has expressed willingness to provide, so the loan agreement would likely be terminated.

Anticipated Expenditures

The following tables summarize how SFMTA plans to expend the loan funds and the additional revenue expected from each expenditure.

Anticipated Loan Expenditures

	Implementation costs	Estimated additional operating costs over 18 months	Total expenditure
Replace ~4,000 remaining existing meters in SFpark pilot areas with new meters and sensors; upgrade all motorcycle meters	\$3,040,000	\$855,000	\$3,895,000
Add ~4,900 new meters and sensors in new SFpark pilot areas	\$6,550,000	\$3,135,000	\$9,685,000
Upgrade ~1,700 existing meters and add sensors in new SFpark pilot areas	\$1,340,000	\$435,000	\$1,775,000
Replace ~600 parking meters in 20 remaining SFMTA parking lots	\$480,000	\$150,000	\$630,000
Get real-time data from five remaining SFMTA garages	\$100,000	\$30,000	\$130,000
Expand bike parking in SFpark areas to help reduce parking demand	\$300,000	0	\$300,000
Enhance SFpark data warehouse	\$500,000	\$540,000	\$1,040,000
Enhance SFMTA parking garage signage	\$500,000	0	\$500,000
Implement pilot test of new residential parking management strategies	\$900,000	\$100,000	1,000,000
Pilot projects to encourage car sharing	\$45,000	0	\$45,000
Project management, implementation, administration, contingency, and evaluation	\$2,800,000	0	\$2,800,000
Total	\$16,755,000	\$5,245,000	\$22,000,000

Anticipated Revenue From Loan Expenditures

	Estimated annual additional operating costs	Estimated annual additional revenue	Total net revenue
Replace ~4,000 remaining existing meters in SFpark pilot areas with new meters and sensors; upgrade all motorcycle meters	\$570,000	\$810,000	\$240,000
Add ~4,900 new meters and sensors in new SFpark pilot areas	\$2,090,000	\$8,820,000	\$6,730,000
Upgrade ~1,700 existing meters and add sensors in new SFpark pilot areas	\$290,000	\$340,000	\$50,000
Replace ~600 parking meters in 20 remaining SFMTA parking lots	\$100,000	\$120,000	\$20,000
Get real-time data from five remaining SFMTA garages	\$20,000	0	(\$20,000)
Expand bike parking in SFpark areas to help reduce parking demand	0	0	0
Enhance SFpark data warehouse	\$360,000	0	(\$360,000)
Enhance SFMTA parking garage signage	0	0	0
Implement pilot test of new residential parking management strategies	\$100,000	0	(\$100,000)
Pilot projects to encourage car sharing	0	0	0
Project management, implementation, administration, contingency, and evaluation	0	0	0
Total	\$3,530,000	\$10,090,000	\$6,560,000

Expenditure Timeline and Funding

The following table summarizes the timing and funding SFMTA plans to expend both UPP and MTC loan funds on SFpark pilot projects. Final timing for expenditure of loan funds will depend upon how long Caltrans requires to process the funding obligation.

	Funding from UPP grant	Funding from MTC loan	Expenditure timeline
Replace existing meters at 5,000 spaces in SFpark pilot areas with new meters and sensors (including one parking lot)	\$9,387,000	-	2010
Install electronic variable message signs	\$5,000,000	-	2011
Develop SFpark data warehouse	\$3,691,000	-	2010
Staff time for project management administration, contingency, data collection, and evaluation	\$2,157,000	-	2009-2012
Improve parking garage signage and obtain real-time data from 15 SFMTA parking garages	\$373,000	-	2010
Professional services for assistance with data collection, evaluation, marketing, communications, outreach	\$3,611,000	-	2010-2012
Enforcement vehicles for SFpark areas and enforcement handheld operation	\$531,000	-	2009-2012
Replace remaining existing meters in SFpark pilot areas with new meters and sensors; upgrade all motorcycle meters	-	\$3,895,000	2011
Add new meters and sensors in new SFpark pilot areas	-	\$9,685,000	2011
Upgrade existing meters and add sensors in new SFpark pilot areas	-	\$1,775,000	2011
Add new parking meters in 20 remaining SFMTA parking lots	-	\$630,000	2011
Get real-time data from five remaining SFMTA garages	-	\$130,000	2011
Expand bike parking in SFpark areas to help reduce parking demand	-	\$300,000	2011
Enhance SFpark data warehouse	-	\$1,040,000	2011
Enhance SFMTA parking garage signage	-	\$500,000	2011
Implement pilot test of new residential parking management strategies	-	\$1,000,000	2011-2012
Pilot projects to encourage car sharing	-	\$45,000	2011
Project management, implementation, communication, administration, contingency, and evaluation	-	\$2,800,000	2011-2012
Total	\$24,750,000	\$22,000,000	.

Revenue Impact

Loan funds would be used to purchase equipment that would require approximately \$3.5M a year to operate and maintain, but would generate approximately \$10.1M a year in revenue, for a net increase of approximately \$6.6M a year. This is in addition

to the approximately \$32M of current annual SFMTA meter revenue. The following table summarizes the assumptions used to estimate the capital costs and additional \$10.1M a year in revenue from the loan-related expenditures. Revenue estimates were calculated by multiplying the expected number of additional spaces (whether by replacing existing meters with new meters or adding newly metered spaces), and already take into account an estimated 25 percent decrease in parking meter-related parking citation revenue as a result of making it easier for customers to pay for parking.

New annual revenue per newly metered space	\$1,788
Implementation cost for newly metered spaces	\$1,058
Implementation cost per new parking sensor	\$270
Parking sensor: 12 months of operation per space	\$126
Incremental annual net revenue from replacing an existing parking meter with a new meter that accepts credit cards and uses demand responsive pricing	\$203
Implementation cost for replacing existing meter	\$533
Newly metered parking space: 12 months of operation (communications, licensing, parts, support, maintenance, spare parts, enforcement)	\$298
Replacement parking meter: 12 months of operational costs for new meter (incremental increase from existing meter)	\$48

For the first five years while making loan payments to MTC of \$4.4M a year for two years then \$4.67M a year for three years, the SFMTA would net approximately \$1.9M a year in additional revenue. After the loan is repaid, the SFMTA would net approximately \$6.6M a year. In total, the SFMTA is expected to pay a total of \$800,000 in interest to MTC. To the extent that SFMTA were to increase the operating hours of parking meters (e.g., into the evenings or on Sundays), expected net overall revenue would increase.

The terms of the loan are favorable to the SFMTA. The SFMTA would pay back the loan over a five-year period using parking-related revenues contained in a separate account, as summarized in the following table. No City general funds would be used to repay the loan. SFMTA may, if it chooses and without penalty, make payments in advance of the planned schedule. Expected revenue generated by these new meters as well as funding for repayment of this loan has been set aside in the FY2011 and FY2012 operating budgets approved by the SFMTA Board of Directors.

SFMTA loan payments	Principal	Interest	Total payment	Net additional revenue	Net additional revenue after loan payment
FY 10-11 Year 1 payment (made June 30, 2011)	\$4,400,000	0	\$4,400,000	\$3,280,000	(\$1,120,000)
FY 11-12 Year 2 payment (made June 30, 2012)	\$4,400,000	0	\$4,400,000	\$6,560,000	\$2,160,000
FY 12-13 Year 3 payment (made June 30, 2013)	\$4,270,601	\$396,000	\$4,666,601	\$6,560,000	\$1,893,399
FY 13-14 Year 4 payment (made June 30, 2014)	\$4,398,719	\$267,882	\$4,666,601	\$6,560,000	\$1,893,399
FY 14-15 Year 5 payment (made June 30, 2015)	\$4,530,680	\$135,920	\$4,666,601	\$6,560,000	\$1,893,399
FY 15-16	\$0	\$0	\$0	\$6,560,000	\$6,560,000
Total SFMTA pays to MTC			\$22,799,803		

Gavin Newsom | Mayor

Tom Nolan | Chairman

Jerry Lee | Vice-Chairman

Cameron Beach | Director

Malcolm Heinicke | Director

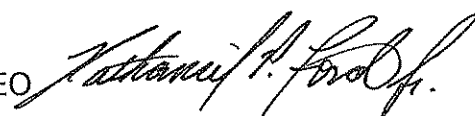
Bruce Oka | Director

Nathaniel P. Ford Sr. | Executive Director/CEO

MEMORANDUM

DATE: July 12, 2010

TO: Honorable Members of the Board of Supervisors

FROM: Nathaniel P. Ford Sr.
Executive Director/CEO 

SUBJECT: Request to Authorize Loan from MTC to Expand Scope of SFpark Pilot Projects

Pursuant to Section 9.118 of the City Charter, the San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors authorize the Executive Director/CEO of the SFMTA to execute a loan agreement with the Metropolitan Transportation Commission (MTC) for \$22.0M of Congestion Mitigation and Air Quality Improvement (CMAQ) funding to be repaid by the SFMTA over a five-year period in order to expand the scope of the SFpark pilot projects.

Background

Under the SFpark brand, the SFMTA is moving aggressively to be a world leader in parking management in order to help the SFMTA achieve its overall goals for transportation, specifically for improving customer service and transit reliability, as well as reducing congestion and greenhouse gas emissions.

The SFpark pilot projects are a demonstration of a complete package of smart parking management policy and technology funded by the U.S. Department of Transportation (USDOT) Urban Partnership Program (UPP). The SFpark pilot projects are an exciting demonstration of a parking-based approach to congestion management using demand-responsive pricing and real-time information about where parking is available, and will be complemented by any other potential congestion mitigation strategies. To the extent the pilot is successful, it can be easily replicated in other cities, and will be an example of San Francisco's global leadership.

The SFMTA is seeking funding to expand the scope of the SFpark pilot projects to increase their value as a demonstration project, increase SFMTA parking-related revenues in the short- and long-term, accelerate the delivery of customer benefits from better parking management, lower costs of an eventual citywide replacement of parking meters, and better prepare the SFMTA for this eventual citywide parking meter replacement. Expansion of the SFpark program using non-federal funds will bolster an eventual SFMTA application to secure additional federal funding for the eventual expansion of SFpark to the rest of the city and several years of operation and evaluation. This would have the potential to save the City millions of dollars in

upcoming capital expenditures.

Loan Agreement Details

On August 3, 2010, the SFMTA Board of Directors will be voting to adopt a resolution authorizing the Executive Director/CEO to enter into a loan agreement with the MTC whereby MTC would loan SFMTA \$22.0 million in CMAQ program funds for the SF*park* project. The SFMTA would pay back the loan over a five-year period using parking-related revenues contained in a separate account. No City general funds would be used to repay the loan. The first payment of \$4.4M would be due by June 30, 2011. For the first two years, the loan would be interest-free, and for the remaining three years an annual interest rate of three percent would apply to the remaining principal. SFMTA may, if it chooses and without penalty, make payments in advance of the planned schedule.

After SFMTA Board and Board of Supervisor approvals, the loan is contingent upon Federal Highway Administration (FHWA) obligating the funds to the SFMTA. The FHWA is aware of this agreement, and because this is an expansion of the existing SF*park* pilot projects, no issues are expected with obligation of funds. Caltrans, the FHWA's regional fiscal agent, has started the process of obligating the funding, and, if the SFMTA Board of Directors and Board of Supervisors approve this action, is expected to obligate the funding to the SFMTA in Fall 2010.

This additional funding would be used to expand the scope of SF*park*-style parking management in San Francisco, increasing the number of metered parking spaces from 25,000 to 30,000 (as approved by the SFMTA Board in April 2010), and expanding the scope of the SF*park* pilot project from 5,000 of 25,000 metered spaces to 16,200 of 30,000 metered spaces. More specifically, this funding would be used to:

- Replace existing parking meters with new parking meters and add parking sensors in the remainder of the existing SF*park* pilot areas, including meters at motorcycle spaces. The legal boundaries of the pilot areas contain 9,000 metered spaces, but current funding allows replacement of only 5,000 of those meters.
- Add parking sensors and upgrade approximately 1,700 existing meters in newly designated SF*park* areas.
- Add approximately 5,000 new meters and sensors in newly metered parking spaces in newly designated SF*park* pilot areas.
- Add new meters to the twenty remaining SFMTA parking lots (in addition to the one that is already part of the SF*park* pilot projects) to support more responsive pricing.
- Operate these additional metered spaces and sensors for approximately 18 months to match the term of the original pilot, and, if applicable, help to pay for ongoing operational costs of the parking sensors and meters in the original SF*park* pilot project areas.
- Expand bike parking in SF*park* areas to help reduce parking demand.
- Get real-time data from the five remaining SFMTA parking garages (SF*park*

- already includes 15 garages).
- Enhance the *SFpark* data warehouse/transactional system to accommodate additional metered spaces.
 - Implement related marketing, communications, and outreach plans.
 - Implement a pilot test of new residential parking management strategies, as required by original scope of work for the UPP-funded *SFpark* pilot projects
 - Enhance SFMTA parking garage signage at all garages to reflect *SFpark* branding and improve customer experience.
 - Fund a small-scale pilot project to determine how parking policy can encourage car sharing.
 - SFMTA staff will return to the SFMTA Board of Directors to propose the boundaries of expanded or additional *SFpark* pilot areas where new meters, real-time information, and other aspects of *SFpark* pilot projects would become available.

The SFMTA Board of Directors would have to, subsequently, approve final implementation plans which could change somewhat depending on final pilot project geographies and unit costs of parking management equipment. The following table has planning-level cost estimates for each of these areas.

	One-time implementation costs	Estimated operating costs (18 months)	Estimated annual additional revenue
Replace remaining existing meters in SFpark pilot areas with new meters and sensors (including all motorcycle meters)	3,040,000	855,000	810,000
Add new meters and sensors in new SFpark pilot areas	6,550,000	3,135,000	8,820,000
Upgrade existing meters and add sensors in new SFpark pilot areas	1,340,000	435,000	340,000
Add new parking meters in 20 remaining SFMTA parking lots	480,000	150,000	120,000
Get real-time data from five remaining SFMTA garages	100,000	30,000	0
Expand bike parking in SFpark areas to help reduce parking demand	300,000	0	0
Enhance SFpark data warehouse	500,000	540,000	0
Enhance SFMTA parking garage signage	500,000	0	0
Implement related marketing, outreach, and communications	200,000	0	0
Implement pilot test of new residential parking management strategies	900,000	100,000	0
Pilot projects to encourage car sharing	45,000	0	0
Project management, implementation, administration, contingency, and evaluation	2,800,000	0	0
Total	16,755,000	5,245,000	10,090,000

If this is approved, the first step of the funding obligation process is expected to be complete in Fall 2010 (i.e., receipt of the approved E-76 form from Caltrans) and the final step of the process, the signing of the Program Supplemental Agreement (PSA) by SFMTA and Caltrans that allows SFMTA to use the funding, is expected to be complete in early Spring 2011. Upon receipt of the E-76, staff would begin to prepare for implementation of the above parking management improvements so that they could be made as soon as possible after the finalization of the PSA, beginning Spring/Summer 2011. The SFMTA is working with the Planning Department and Caltrans to confirm the original California Environmental Quality Act (CEQA)

categorical exemption and National Environmental Policy Act (NEPA) categorical exclusion environmental findings for an expanded scope of the original SFpark pilot projects.

Alternatives Considered

As an alternative to this course of action, the SFMTA considered private financing to expand the scope of SFpark, but the terms of that agreement would likely be much less favorable to the SFMTA.

Funding Impact

This funding would allow the SFMTA to invest in parking management in a way that would help address its structural deficit. The funds would be used to purchase equipment that would require approximately \$3.5M a year to operate and maintain, but would generate approximately \$10.1M a year in revenue, for a net increase of approximately \$6.6M a year.

For the first five years while making loan payments to MTC of either \$4.4M or \$4.67M (later years have a 3 percent interest on the remaining principal), the SFMTA would net approximately \$2.0M a year in additional revenue. In total, the SFMTA is expected to pay a total of \$800,000 in interest to MTC. After the loan is repaid, the SFMTA would net approximately \$6.6M a year. To the extent that SFMTA were to increase the operating hours of parking meters (e.g., into the evenings or on Sundays), expected net overall revenue would increase.

SFMTA loan payments	Principal	Interest	Total payment
Year 1 payment (made June 30, 2011)	4,400,000	0	4,400,000
Year 2 payment (made June 30, 2012)	4,400,000	0	4,400,000
Year 3 payment (made June 30, 2013)	4,270,601	396,000	4,666,601
Year 4 payment (made June 30, 2014)	4,398,719	267,882	4,666,601
Year 5 payment (made June 30, 2015)	4,530,680	135,920	4,666,601
Total amount SFMTA pays to MTC			22,799,803

Expected revenue generated by these new meters as well as funding for repayment of this loan has been set aside in the FY2011 and FY2012 operating budgets approved by the SFMTA Board of Directors. The SFMTA would not be required to provide local match for these CMAQ funds because CMAQ funds obligated (i.e., E-76 authorized) prior to December 31, 2010 do not require a local match. However, MTC

expects to run out of CMAQ funds by September 1, 2010, so MTC has informed the SFMTA that obligation of the funds must occur prior to September 1, 2010.

Status

SFpark has received several previous approvals including:

- On November 6, 2006, the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors approved Resolution 07-169, which authorized the acceptance and expenditure of various funds associated with the Urban Partnership Program (UPP) in anticipation of establishing the *SFpark* program and approved variable pricing required for the acceptance of these funds.
- SFMTA Board approved Resolution 08-086 on April 15, 2008, approving two contracts required to implement *SFpark* and the associated pilot projects.
- *SFpark* Parking Pilot Project received environmental clearance under the California Environmental Quality Act as a Class 6 Categorical Exemption from the San Francisco Planning Department on May 19, 2008.
- On November 18, 2008 the SFMTA Board approved Resolution 08-192, which outlined the specific implementation plans and parameters for *SFpark*.

The SFMTA Board of Directors is considering this item on August 3, 2010.

In addition, the SFMTA Board would subsequently need to approve more specific *SFpark* expansion plans.

Recommendation

It is recommended that the Board of Supervisors authorize the Executive Director/CEO of the SFMTA to enter into this loan agreement with the MTC as well the expenditure of these funds to expand the scope of the *SFpark* pilot projects and thereby help to achieve SFMTA goals and increase SFMTA parking-related revenues.

**Agreement between the Metropolitan Transportation Commission and the San Francisco
Municipal Transportation Agency for the loan of Regional Congestion Mitigation and Air
Quality Improvement Program Funds for the SFpark Parking Pricing Program**

This AGREEMENT is entered into on the _____ day of _____, 2010, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, by and through its MUNICIPAL TRANSPORTATION AGENCY ("SFMTA" or "City" or "AGENCY"), and the METROPOLITAN TRANSPORTATION COMMISSION ("MTC"), an agency created under California Government Code Sections 66500 et seq.

Recitals

- (1) AGENCY is the sponsoring agency for the SFpark Parking Pricing Program in San Francisco ("PROJECT").
- (2) The PROJECT will be implementing a two-year pilot program to test its package of smart parking management policies and technologies, including demand-responsive pricing, at 6,000 of San Francisco's 25,000 metered spaces and 12,250 spaces in 15 of 20 City-owned parking garages.
- (3) AGENCY has requested the assistance of MTC to expedite the pilot program by providing \$22.0 million in Congestion Mitigation and Air Quality Improvement (CMAQ) program funds ("CMAQ LOAN FUNDS") available now to be repaid by AGENCY in unrestricted Parking Revenue funds (e.g., revenue from parking meters, parking garages, parking citations and other parking revenue sources) ("PARKING FUNDS") available in future years.
- (4) MTC, the transportation planning, coordinating and financing agency for the nine-county San Francisco Bay Area, is eligible to program and disburse CMAQ LOAN FUNDS.
- (5) AGENCY and MTC desire to proceed with the loan arrangement immediately, as nothing in this Agreement adversely affects MTC's responsibility to disburse CMAQ Program Funds to other programmed projects in the Bay Area in federal fiscal year 2009-10 prior to the April 30, 2010 obligation disbursement deadline.
- (6) AGENCY and MTC mutually desire to specify the terms and conditions under which MTC is to provide CMAQ LOAN FUNDS to AGENCY, in exchange for Agency's assignment of PARKING FUNDS to be repaid to MTC.

Now, therefore, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

Section I

MTC AGREES:

- (1) To perform such actions and to deliver such documents as are necessary to complete the delivery of CMAQ LOAN FUNDS to the SFMTA.
- (2) Upon execution of this Agreement, to provide up to a maximum total of \$22.0 million of MTC-apportioned CMAQ LOAN FUNDS including Obligation Authority to AGENCY for implementation of PROJECT, contingent upon the availability of federal apportionment and Obligation Authority.

Section II

AGENCY AGREES:

- (1) To indemnify and hold harmless MTC, its Commissioners, representatives, agents, and employees from and against all claims, injury, suits, demands, liability, losses, damages, and expenses, whether direct or indirect (including any and all costs and expenses in connection therewith), incurred by reason of any act or failure to act of AGENCY, its officers, employees or agents, or subcontractors or any of them in connection with its performance of PROJECT under this Agreement.
- (2) To reimburse MTC for CMAQ LOAN FUNDS provided to AGENCY by paying PARKING FUNDS to MTC as outlined in the payment schedule of Attachment A. If Caltrans obligates the CMAQ LOAN FUNDS by December 31, 2010, no local match is required for these CMAQ LOAN FUNDS.
- (3) To pay interest at the simple annual rate of three (3) percent on the unpaid balance remaining after June 30, 2012 as listed in the payment schedule of Attachment A.
- (4) To pay interest at the simple annual rate of five (5) percent for any unpaid balance, including interest, greater than the amounts listed on the repayment schedule outlined in Attachment A, including any balance remaining, after June 30, 2015.
- (5) To include its obligations to reimburse principal and interest, as applicable, under this Agreement in the City budget each year of this Agreement until termination as defined in Section III, Article (1) below.
- (6) To meet all federal, state and regional project funding delivery requirements associated with the CMAQ LOAN FUNDS.
- (7) To provide a quarterly written schedule for key milestones: written confirmation of acceptance of 511 Parking System Requirements; network connection for data transfer; draft test data feed; final test data feed; and live production feed.

- (8) To provide test and production data feeds using Java Messaging Service (JMS) and adhere to the requirements stipulated in the final version of "System Requirements for UPP (Urban Partnership Program) Parking," to be finalized in August 2010.
- (9) If developed, to provide space turnover data for all SFpark parking facilities. Turnover data would be an addition to the dataset defined in the final version of "System Requirements for UPP (Urban Partnership Program) Parking," to be finalized in August 2010.

Section III

IT IS MUTUALLY AGREED:

- (1) This Agreement shall terminate upon the satisfaction of AGENCY's obligation to reimburse MTC with PARKING FUNDS including interest, as outlined in Section II of this Agreement. Notwithstanding the above, SFMTA may terminate this Agreement by written notice to MTC, if the CMAQ LOAN FUNDS are not obligated by December 31, 2010 and no arrangement for payment of non-federal matching funds after December 31, 2010 has been made by MTC.
- (2) Nothing in this Agreement shall preclude AGENCY from making principal and interest payments in advance of the schedule or in excess of the amounts outlined in Attachment B, thus reducing the balance remaining. There shall be no pre-payment penalty for any such advance or excess payments.
- (3) CMAQ LOAN FUNDS provided and programmed to PROJECT under this Agreement and subsequently de-obligated from PROJECT shall be made available to AGENCY for eligible activities within its jurisdiction in the year of de-obligation.
- (4) MTC reserves the right to withhold from AGENCY future discretionary funds otherwise going to AGENCY, after consultation with AGENCY, and AGENCY agrees to accept such withholding if AGENCY fails to meet its obligation to reimburse MTC with PARKING FUNDS including interest, as specified in Section II of this Agreement.
- (5) This Agreement shall bind and benefit the parties hereto and their heirs, successors, and permitted assigns.
- (6) No officer, agent or employee of the SFMTA shall be individually or personally liable for the payment of any principal or interest on the CMAQ FUNDS or any sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such officer, agent, or employee from the performance of any official duty provided by law or by this Agreement.
- (7) AGENCY is not obligated to pay the principal or interest on the CMAQ LOAN FUNDS except from the PARKING FUNDS. AGENCY has no taxing power. The General Fund of the City is not liable for the payment of the principal or interest on CMAQ LOAN FUNDS, and neither the credit nor the taxing power of the City is pledged to the payment of the principal or interest on the CMAQ LOAN FUNDS. The CMAQ LOAN FUNDS

are not secured by a legal or equitable pledge of, or charge, lien, or encumbrance upon, any of the property of AGENCY or any of its income or receipts, except the PARKING FUNDS.

- (8) This Agreement is subject to the budget and fiscal provisions of the City's Charter. The City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Notwithstanding the above if the City fails to appropriate PARKING FUNDS in any fiscal year to meet its reimbursement obligations under this Agreement, MTC may pursue its available legal remedies to recover from AGENCY's PARKING FUNDS, but not the City's General Fund, as set forth in paragraph (7) above.

IN WITNESS WHEREOF, MTC and CITY have executed, in triplicate, this Agreement as of the date first written above.

SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY

METROPOLITAN TRANSPORTATION
COMMISSION

By: _____
Nathaniel P. Ford Sr.,
Executive Director/CEO

By: _____
Steve Heminger, Executive Director

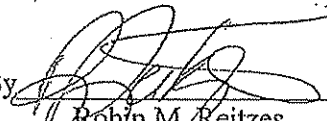
SFMTA Board of Directors
Resolution No. _____
Dated: _____

Attest:

Secretary
Approved as to form:

Approved as to form and procedure:

Dennis J. Herrera, City Attorney

By:  _____
Robin M. Reitzes
Deputy City Attorney

Attorney

Board of Supervisors
Resolution No. _____
Dated: _____

Attest:

Clerk of the Board

J:\CONTRACT\Contracts-New\CON 10-11\Funding Agmts\SF Park Agreement.DOC

APPENDIX A

Loan Agreement for Federal STP/CMAQ Funds
for the SF PARK Pricing Program Project

SFMTA Funding Exchange Payment Schedule

Exchange Fund Source	Duration:	Exchange Funding Years and Payment Dates					
	Rate:	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
INT Payback:	3	2010	2011	2012	2013	2014	2015
		2010	2011	2012	2013	2014	2015
		2010	2011	2012	2013	2014	2015
		2010	2011	2012	2013	2014	2015

		30-Jun-2010	30-Jun-2011	30-Jun-2012	30-Jun-2013	30-Jun-2014	30-Jun-2015
Loan Funds Provided by MTC							
STP/CMAQ		22,000,000					22,000,000
	Cumulative Total:	22,000,000					22,000,000

		30-Jun-2010	30-Jun-2011	30-Jun-2012	30-Jun-2013	30-Jun-2014	30-Jun-2015
Loan Funds Provided by SFMTA							
SFMTA Operating/Parking Revenues - Principal		0	4,400,000	4,400,000	4,270,601	4,398,719	4,530,680
SFMTA Operating/Parking Revenues - Interest		0	No Payment	No Payment	396,000	267,882	135,920
	Total Payment:	0	4,400,000	4,400,000	4,666,601	4,666,601	4,666,601
	Cumulative Total:	0	4,400,000	8,800,000	13,466,601	18,133,202	22,799,802

		Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Payment #		0	0	1	2	3	
Total Month Payment		-4,400,000	-4,400,000	-4,666,601	-4,666,601	-4,666,601	-22,799,802
Interest Payment				-396,000	-267,882	-135,920	-799,802
Principal Payment		-4,400,000	-4,400,000	-4,270,601	-4,398,719	-4,530,680	-22,000,000

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The U.S. Department of Transportation (US DOT) designated the San Francisco Bay Area as an Urban Partner and awarded the SFMTA funding to implement *SFpark* pilot projects as a demonstration of smart parking management policies and technologies; and,

WHEREAS, Expanding the scope of the *SFpark* pilot projects would benefit the SFMTA's customers, is consistent with the SFMTA's overall parking management strategy, and would help to address the SFMTA's structural deficit; and,

WHEREAS, The Metropolitan Transportation Commission (MTC) has offered to loan the SFMTA \$22.0M of Congestion Mitigation and Air Quality Improvement (CMAQ) funding to expand the scope of the *SFpark* pilot projects; and,

WHEREAS, The SFMTA would pay back the loan over a five-year period using parking-related revenues contained in a separate account; no City general funds would be used to repay the loan; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Executive Director/CEO to execute a loan agreement with the Metropolitan Transportation Commission (MTC) for \$22.0M of Congestion Mitigation and Air Quality Improvement (CMAQ) funding to be repaid by the SFMTA over a five-year period in a form as substantially presented to this Board; and, be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the expenditure of \$22.0M of CMAQ funding to expand the scope of *SFpark* pilot projects; and be it further

RESOLVED, That the SFMTA Board commends this matter to the Board of Supervisors for its approval.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of _____.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

